

D.T.E. 01-103

Petition of Fitchburg Gas and Electric Light Company for approval of its Electric Reconciliation Mechanism, Transition Charge Reconciliation filing and accompanying tariffs filed pursuant to D.T.E. 99-110.

APPEARANCE: Patricia M. French, Esq.
LeBoeuf, Lamb, Greene & MacRae, L.L.P.
260 Franklin Street
Boston, MA 02110

FOR: FITCHBURG GAS AND ELECTRIC
LIGHT COMPANY
Petitioner

I. INTRODUCTION

On December 3, 2001, Fitchburg Gas and Electric Light Company (“Fitchburg” or “Company”) filed its 2001 Reconciliation Filing for approval by the Department of Telecommunications and Energy (“Department”). Included in this filing is a reconciliation of 2001 transition, transmission, standard offer, and default service costs and revenues, and proposed updated charges and tariffs to be effective January 1, 2002. In addition, Fitchburg filed a proposed adjustment to its Standard Offer Service Fuel Adjustment (“SOSFA”) factor on December 3, 2001. The Company requested that its proposed tariffs together with the SOSFA become effective January 1, 2002.

The Department docketed the filing as D.T.E. 01-103. The Company’s last reconciliation filing was approved in Fitchburg Gas and Electric Light Company, D.T.E. 99-110 (2001). The Company’s last SOSFA was approved in Standard Offer Service Fuel Adjustments, D.T.E. 00-66, 00-67, 00-70 (2000).

On December 6, 2001, the Department requested comments on Fitchburg’s proposed rate adjustments and reconciliation for 2002. Notice was issued to all the participants in Standard Offer Service Fuel Adjustments, D.T.E. 00-66, 00-67, 00-70 (2000) and Fitchburg Gas and Electric Light Company, D.T.E. 99-110 (2001) and D.T.E. 97-115/98-120 (1999). The Department received comments from the Attorney General of the Commonwealth on December 14, 2001. The Company filed reply comments on December 19, 2001.

Fitchburg states that the proposed changes in rates, effective January 1, 2002, include the following: (1) a Transition Charge of \$0.01801 per kilowatthour ("KWH"); (2) an External Transmission Charge of \$0.00158 per KWH; and (3) an Internal Transmission Service Cost Adjustment of \$0.00041 per KWH. Also, the Company proposed to reduce the SOSFA factor from its current level of \$0.02551 per KWH to \$0.01426 per KWH resulting in a decrease of \$0.01125 per KWH. The proposed decrease is due to the recent decline of fuel oil and natural gas prices. The proposed SOSFA factor of \$0.01426 per KWH would be added to the 2002 base SOS price of \$0.042 per KWH resulting in a total SOS price of \$0.05626 per KWH.

Based on Fitchburg's forecast of lower oil and gas prices, the Company anticipates that no fuel index payments will be billed to it from suppliers in months after March 2002.

Fitchburg anticipates that if it is allowed to implement the proposed SOSFA factor, its SOSFA deferral amounts (approximately \$4.5 million as of December 31, 2001) will be recovered by the end of November 2002.

II. ANALYSIS AND FINDINGS

The Department determines that further investigation is necessary into this filing. However, the Department also finds that the tariffs (including the SOSFA) filed by Fitchburg on December 3, 2001, for service on and after January 1, 2002, are in compliance with Department precedent¹ and G.L. c. 164, § 1B(b). Therefore, allowance is in the public interest and the proposed adjustments are approved for consumption on and after

¹ Fitchburg Gas and Electric Company, D.T.E. 99-110 (Phase II) (2001); Standard Offer Service Fuel Adjustment, D.T.E. 00-66, 00-67, 00-70 (December 4, 2000 Letter Order).

January 1, 2002. The Company has demonstrated that it will continue to incur standard offer fuel-related costs. Therefore, the Company may continue to implement the SOSFA for calendar year 2002. Fitchburg is required to notify the Department 45 days in advance of when it forecasts that all of its SOSFA-related costs will be recovered. In the event that there remain unrecovered SOSFA costs, the Company shall report to the Department by July 1, 2002 its SOSFA deferral balance and its actual SOSFA monthly amounts. Fitchburg's rate changes are allowed subject to reconciliation pursuant to the Department's ongoing investigation.

III. ORDER

After due notice and consideration, it is

ORDERED: That the tariffs filed by Fitchburg Gas and Electric Light Company with the Department on December 3, 2001, M.D.T.E. Nos. 78 through and including 82, are ALLOWED; and it is

FURTHER ORDERED: That Fitchburg Gas and Electric Light Company may implement a standard offer service fuel adjustment in the amount of \$0.01426 per KWH. To the extent that Fitchburg has unrecovered SOSFA costs, the Company may continue to implement the SOSFA for calendar year 2002; and it is

FURTHER ORDERED: That Fitchburg Gas and Electric Light Company comply with any and all other directives contained in this Order.

By Order of the Department,

James Connelly, Chairman

W. Robert Keating, Commissioner

Paul B. Vasington, Commissioner

Eugene J. Sullivan, Jr., Commissioner

Deirdre K. Manning, Commissioner